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SUBJECT: MOST NEW ENERGY PROJECTS IN ATLANTIC CANADA MOVING AHEAD
DESPITE TOUGH TIMES

REF: HALIFAX 0060; HALIFAX 0058; HALIFAX 0045

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1. INTRODUCTION/SUMMARY

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Despite the downturn in the global economy, for the most part, investment in Atlantic Canada's energy sector is still strong (REFTELS). Large energy companies and industry stakeholders are taking a long-term approach, predicting that by the time large investments such as Newfoundland-Labrador's Hebron offshore oil projects are ready to come on stream the international economy will have recovered sufficiently to ensure their viability. Looking at specific energy sectors, in the offshore, Hebron, Hibernia South and Deep Panuke are all moving along as planned and there is also high interest in further exploration opportunities. Onshore exploration and development is also a bright spot as is the region's LNG sector. On the negative side, there are some delays in the oil refining and electricity generation sectors. END INTRODUCTION/ SUMMARY.

2. OFFSHORE OIL AND GAS PROJECTS

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--Hebron Offshore Oil Project (Newfoundland-Labrador):
Development work ongoing

ExxonMobil, which took over from Chevron as the lead partner in the development, has begun detailed planning for the project. The company expects to submit a development plan to provincial and federal regulators in December 2010.

--Hibernia South Oil Project (Newfoundland-Labrador):
Development work ongoing

The Hibernia partners are focused on planning and design work and are expecting to complete an environmental review by March 2009.

--Deep Panuke Offshore Natural Gas Project (Nova Scotia):
Development work ongoing

Although project owner EnCana has acknowledged that the company is taking a conservative approach to spending, it does not anticipate making any changes to its investments in Deep Panuke.

--New Offshore Exploration (Newfoundland-Labrador and Nova Scotia): Ongoing

The Canada-Newfoundland/Labrador Offshore Petroleum Board, which regulates the province oil and gas industry, said on December 2

that it had received bids totaling \$2.4 million for two offshore parcels. Husky Oil was the sole bidder of \$1,800,000 on a parcel in the Sydney Basin, while European-owned PDI Production of St. John's made a successful bid of \$600,000 for a parcel off the west coast. Two other parcels in the Sydney Basin and another off the west coast raised no bids. In Nova Scotia's offshore, the Canada-Nova Scotia Offshore Petroleum Board has issued a Call for Bids for two deepwater parcels southwest of Sable Island. Interested parties have until Friday, June 26, 2009 to submit their bids.

13. Onshore Oil/Gas Activity

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--Further Development of the McCully Field (New Brunswick):
Ongoing

Corridor Resources Inc. of Nova Scotia has made what it calls a "potentially significant" oil discovery some three kilometers southeast of its already producing McCully natural gas field in southern New Brunswick. The company will soon be undertaking long-term testing as part of its appraisal of the discovery.

--Stealth Ventures Coal-Bed Methane project (Nova Scotia):
Development work ongoing

The company said recently that it is advancing towards commercialization of its project.

14. LNG PROJECTS

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--Canaport LNG Facility (New Brunswick): Construction nearing completion

Irving Oil, with partner Repsol, has finished 87% of the construction of the project and expects to begin commercial

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shipments of natural gas in the first quarter of 2009.

--Maple LNG (Nova Scotia): Development work ongoing

Project proponents are currently focused on obtaining regulatory permits to construct a short connector pipeline to the existing Maritimes and Northeast Pipeline.

--Newfoundland LNG Terminal: Proceeding

The proponents said in early November that despite uncertain economic times they were still proceeding with the project

15. Refineries

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--Proposed Second Irving Refinery (New Brunswick): Awaiting decision

Irving Oil and partner BP will decide at the end of 2009 whether to go ahead with the project. In the meantime, the partners are focusing on completing the provincial and federal environmental assessments.

--Expansion of the North Atlantic Refinery
(Newfoundland-Labrador): On hold

Harvest Energy, the Canadian owner of the North Atlantic Refinery in Come By Chance, NL, said on December 2 that the planned \$2-billion expansion of the refinery will proceed as soon as international financial markets have calmed and an investment partner is on board. This is the second time this fall that the company announced a delay in the project.

--Newfoundland-Labrador Refinery Project: Delayed

Proponent Newfoundland-Labrador Refinery has been under

bankruptcy protection since the early summer. Company officials report that the company's future will now be determined by its creditors.

16. Electrical Generation Projects

--Lower Churchill (Newfoundland-Labrador): Under consideration

There have been no new developments with the project, but the Newfoundland-Labrador government is stepping up the pressure on the federal government to get involved so that laid-off mining and forestry workers will have new employment opportunities. In the meantime, the Innu Nation and the Newfoundland-Labrador government reached an agreement on potential impacts and benefits from the project once it gets underway.

--Point Lepreau Nuclear Power Refurbishment Project (New Brunswick): Behind schedule

The \$1.4 billion refurbishment of the reactor at New Brunswick's Point Lepreau nuclear plant is behind schedule. The contractor, Atomic Energy of Canada Ltd., is experiencing some mechanical difficulties. Also, in October two new, high-speed turbine rotors destined for installation in the refurbished facility fell off a barge in Saint John Harbour. At present New Brunswick Power officials are having the turbines analyzed to determine if they can still be used and what effect there might be on the project's anticipated September 30, 2009 completion date.

--Second Reactor at Point Lepreau: No new developments

--Tidal Power (Nova Scotia): Postponed with no definite start up date

Nova Scotia government officials acknowledged on December 8 that their most recent analysis of the costs of harnessing the Bay of Fundy tides to produce commercial quantities of electricity may be so high that the proposal would need a large influx of taxpayer money to proceed. Furthermore, the company chosen to build a tidal energy test facility has run into technical problems with the project and may require financial assistance.
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